

However, Applicants note that the disclosure in the paragraph beginning at the bottom of page 10 of the specification discusses forming the inorganic insulating layer by a wet thin **film** formation method and a dry thin **film** formation method, from which it is apparent that the insulating material in the final product (soft magnetic composite powder) need not necessarily be in particulate form.

Thus, contrary to the position taken by the Examiner, the specification does enable the art-skilled to make the invention with a non-particulate coating (e.g. film coating) of inorganic insulating material.

Therefore, in view of the foregoing remarks, it is submitted that each of the grounds of objection and rejection set forth by the Examiner has been overcome, and that the application is in condition for allowance. Such allowance is solicited.

Respectfully submitted,

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